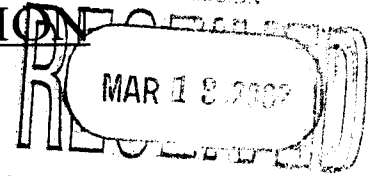


C 11/11/01

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

WS-01689A  
CLEAR SPRINGS UTILITY COMPANY, INC.  
P. O. BOX 85160  
TUCSON AZ 85754-0000

*Water Division*

**ANNUAL REPORT**

**FOR YEAR ENDING**

|    |    |      |
|----|----|------|
| 12 | 31 | 2001 |
|----|----|------|

FOR COMMISSION USE

|       |    |
|-------|----|
| ANN04 | 01 |
|-------|----|

Processed by:

*3-15-02 am*

SCANNED

## COMPANY INFORMATION

**Company Name (Business Name)** Clear Springs Utility Company - Water Division

**Mailing Address** 1121 W. Grant Road, #413  
(Street)

Tucson

(City)

Arizona

(State)

85705

(Zip)

520-624-4404

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** Same as above.  
(Street)

(City)

(State)

(Zip)

**Local Office Telephone No. (Include Area Code)**

**Fax No. (Include Area Code)**

**Pager/Cell No. (Include Area Code)**

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Southwestern Utility Management, Inc.  
(Name) (Title)

1121 W. Grant Road, #413

(Street)

Tucson

(City)

Arizona

85705

(State)

(Zip)

520-624-4404

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Howard Brown  
(Name)

PO Box 599

(Street)

Pearce

(City)

Arizona

(State)

85265

(Zip)

520-826-3370

Telephone No. (Include Area Code)

520-729-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

(Name)

(City)

85705  
(State)

(Zip)

792-0377  
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

(Name)

(City)

Arizona

85701

(State)

(Zip)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

## OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **C Corporation (C) (Other than Association/Co-op)**

☒ Subchapter S Corporation (Z)

☐ Association/Co op (A)

☐ **Limited Liability Company**

☐ **Other (Describe)**

## COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

**X COCHISE**

 **COCONINO**

**GRAHAM**

 **GREENLEE**

MARICOPA

## MOHAVE

**PIMA**

 PINAL

□ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME**

Clear Springs Utility Company - Water Division

**UTILITY PLANT IN SERVICE**

| Acct.<br>No. | DESCRIPTION                               | Original<br>Cost (OC) | Accumulated<br>Depreciation<br>(AD) | O.C.L.D.<br>(OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301          | Organization                              | 1625                  | -0-                                 | 1625                     |
| 302          | Franchises                                |                       |                                     |                          |
| 303          | Land and Land Rights                      | 210                   | -0-                                 | 210                      |
| 304          | Structures and Improvements               | 26590                 | 12007                               | 14583                    |
| 307          | Wells and Springs                         | 136194                | 105613                              | 30581                    |
| 311          | Pumping Equipment                         | 117380                | 89214                               | 28166                    |
| 320          | Water Treatment Equipment                 |                       |                                     |                          |
| 330          | Distribution Reservoirs and<br>Standpipes | 99332                 | 53828                               | 45504                    |
| 331          | Transmission and Distribution Mains       | 281530                | 224425                              | 57105                    |
| 333          | Services                                  | 79782                 | 36950                               | 42832                    |
| 334          | Meters and Meter Installations            | 58769                 | 45394                               | 13375                    |
| 335          | Hydrants                                  | 9850                  | 8065                                | 1785                     |
| 336          | Backflow Prevention Devices               |                       |                                     |                          |
| 339          | Other Plant and Misc. Equipment           |                       |                                     |                          |
| 340          | Office Furniture and Equipment            | 3274                  | 2320                                | 954                      |
| 341          | Transportation Equipment                  | 19973                 | 13296                               | 6677                     |
| 343          | Tools, Shop and Garage Equipment          | 6518                  | 6122                                | 396                      |
| 344          | Laboratory Equipment                      |                       |                                     |                          |
| 345          | Power Operated Equipment                  |                       |                                     |                          |
| 346          | Communication Equipment                   |                       |                                     |                          |
| 347          | Miscellaneous Equipment                   |                       |                                     |                          |
| 348          | Other Tangible Plant                      |                       |                                     |                          |
|              | <b>TOTALS</b>                             | 841027                | 597234                              | 243793                   |

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

| Acct.<br>No. | DESCRIPTION                            | Original<br>Cost (1) | Depreciation<br>Percentage<br>(2) | Depreciation<br>Expense<br>(1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301          | Organization                           | 1625                 |                                   | -0-                              |
| 302          | Franchises                             |                      |                                   |                                  |
| 303          | Land and Land Rights                   | 210                  |                                   | -0-                              |
| 304          | Structures and Improvements            | 26590                | 5%                                | 1329                             |
| 307          | Wells and Springs *                    | 136194               | 5%                                | 1701                             |
| 311          | Pumping Equipment                      | 117380               | 5%                                | 5870                             |
| 320          | Water Treatment Equipment              |                      |                                   |                                  |
| 330          | Distribution Reservoirs and Standpipes | 99332                | 5%                                | 4967                             |
| 331          | Transmission and Distribution Mains *  | 281530               | 5%                                | 3604                             |
| 333          | Services *                             | 79782                | 5%                                | 2482                             |
| 334          | Meters and Meter Installations         | 58769                | 5%                                | 2938                             |
| 335          | Hydrants                               | 9850                 | 5%                                | 493                              |
| 336          | Backflow Prevention Devices            |                      |                                   |                                  |
| 339          | Other Plant and Misc. Equipment        |                      |                                   |                                  |
| 340          | Office Furniture and Equipment         | 3274                 | 5%                                | 164                              |
| 341          | Transportation Equipment               | 19973                | 5%                                | 999                              |
| 343          | Tools, Shop and Garage Equipment *     | 6518                 | 5%                                | 27                               |
| 344          | Laboratory Equipment                   |                      |                                   |                                  |
| 345          | Power Operated Equipment               |                      |                                   |                                  |
| 346          | Communication Equipment                |                      |                                   |                                  |
| 347          | Miscellaneous Equipment                |                      |                                   |                                  |
| 348          | Other Tangible Plant                   |                      |                                   |                                  |
|              | <b>TOTALS</b>                          | 841027               |                                   | 24574                            |

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

Less: Amortization of Contributions in Aid of Construction (11329)  
13245

\* Some costs are fully depreciated.

**BALANCE SHEET**

| Acct.<br>No. |   | BALANCE AT<br>BEGINNING OF<br>YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---|------------------------------------|------------------------------|
|              | <b>ASSETS</b>                               |                                    |                              |
|              | <b>CURRENT AND ACCRUED ASSETS</b>           |                                    |                              |
| 131          | Cash  | \$ 2076                            | \$ 9830                      |
| 134          | Working Funds                               |                                    |                              |
| 135          | Temporary Cash Investments                  |                                    |                              |
| 141          | Customer Accounts Receivable                | 8810                               | 16201                        |
| 146          | Notes/Receivables from Associated Companies |                                    |                              |
| 151          | Plant Material and Supplies                 | 8228                               | 8228                         |
| 162          | Prepayments                                 |                                    |                              |
| 174          | Miscellaneous Current and Accrued Assets    | 6574                               | 6574                         |
|              | <b>TOTAL CURRENT AND ACCRUED ASSETS</b>     | \$ 25661                           | \$ 40806                     |
|              | <b>FIXED ASSETS</b>                         |                                    |                              |
| 101          | Utility Plant in Service                    | \$ 812747                          | \$ 841027                    |
| 103          | Property Held for Future Use                |                                    |                              |
| 105          | Construction Work in Progress               |                                    |                              |
| 108          | Accumulated Depreciation – Utility Plant    | (572660)                           | (597234)                     |
| 121          | Non-Utility Property                        |                                    |                              |
| 122          | Accumulated Depreciation – Non Utility      |                                    |                              |
|              | <b>TOTAL FIXED ASSETS</b>                   | \$ 240087                          | \$ 243793                    |
|              | <b>TOTAL ASSETS</b>                         | \$ 265748                          | \$ 284599                    |

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Clear Springs Utility Company - Water Division

**BALANCE SHEET (CONTINUED)**

| Acct.<br>No. |   | BALANCE AT<br>BEGINNING OF<br>YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---|------------------------------------|------------------------------|
|              | <b>LIABILITIES</b>                                |                                    |                              |
|              | <b>CURRENT LIABILITIES</b>                        |                                    |                              |
| 231          | Accounts Payable                                  | \$ 33837                           | \$ 396                       |
| 232          | Notes Payable (Current Portion)                   |                                    |                              |
| 234          | Notes/Accounts Payable to Associated Companies    | 33892                              |                              |
| 235          | Customer Deposits                                 | 11255                              | 11277                        |
| 236          | Accrued Taxes                                     | 510                                | 606                          |
| 237          | Accrued Interest                                  |                                    |                              |
| 241          | Miscellaneous Current and Accrued Liabilities     |                                    |                              |
|              | <b>TOTAL CURRENT LIABILITIES</b>                  | \$ 79494                           | \$ 12279                     |
|              | <b>LONG-TERM DEBT (Over 12 Months)</b>            |                                    |                              |
| 224          | Long-Term Notes and Bonds                         | \$                                 | \$ 78866                     |
|              | <b>DEFERRED CREDITS</b>                           |                                    |                              |
| 251          | Unamortized Premium on Debt                       | \$                                 | \$                           |
| 252          | Advances in Aid of Construction                   | 106133                             | 65296                        |
| 255          | Accumulated Deferred Investment Tax Credits       |                                    |                              |
| 271          | Contributions in Aid of Construction              | 222751                             | 226579                       |
| 272          | Less: Amortization of Contributions               | (188646)                           | (199975)                     |
| 281          | Accumulated Deferred Income Tax                   |                                    |                              |
|              | <b>TOTAL DEFERRED CREDITS</b>                     | \$ 140238                          | \$ 91900                     |
|              | <b>TOTAL LIABILITIES</b>                          | \$ 219732                          | \$ 183045                    |
|              | <b>CAPITAL ACCOUNTS</b>                           |                                    |                              |
| 201          | Common Stock Issued                               | \$ 1000                            | \$ 1000                      |
| 211          | Paid in Capital in Excess of Par Value            | 1819934                            | 1819934                      |
| 215          | Retained Earnings                                 | (1774918)                          | (1719380)                    |
| 218          | Proprietary Capital (Sole Props and Partnerships) |                                    |                              |
|              | <b>TOTAL CAPITAL</b>                              | \$ 46016                           | \$ 101554                    |
|              | <b>TOTAL LIABILITIES AND CAPITAL</b>              | \$ 265748                          | \$ 284599                    |

Beginning Retained Earnings

(1774918)

Adjustments to Advances and Contributions in Aid  
of Construction by ACC

41039

Net Income

14499

Ending Retained Earnings

(1719380)

See Accountants' Report

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

| Acct.<br>No. | OPERATING REVENUES                        | PRIOR YEAR | CURRENT YEAR |
|--------------|---|------------|--------------|
| 461          | Metered Water Revenue                     | \$ 139026  | \$ 143534    |
| 460          | Unmetered Water Revenue                   |            |              |
| 474          | Other Water Revenues                      | 1924       | 2499         |
|              | <b>TOTAL REVENUES</b>                     | \$ 140950  | \$ 146033    |
|              |   |            |              |
|              | <b>OPERATING EXPENSES</b>                 |            |              |
| 601          | Salaries and Wages                        | \$         | \$           |
| 610          | Purchased Water                           |            |              |
| 615          | Purchased Power                           | 20896      | 16813        |
| 618          | Chemicals                                 | 275        | 145          |
| 620          | Repairs and Maintenance                   | 5680       | 6572         |
| 621          | Office Supplies and Expense               | 3593       | 5313         |
| 630          | Outside Services                          | 67718      | 70470        |
| 635          | Water Testing                             | 3332       | 3539         |
| 641          | Rents                                     |            |              |
| 650          | Transportation Expenses                   | 2827       | 5150         |
| 657          | Insurance – General Liability             | 2609       | (457)        |
| 659          | Insurance - Health and Life               |            |              |
| 666          | Regulatory Commission Expense – Rate Case | 627        |              |
| 675          | Miscellaneous Expense                     | 104        | 575          |
| 403          | Depreciation Expense                      | 12022      | 13245        |
| 408          | Taxes Other Than Income                   |            | 45           |
| 408.11       | Property Taxes                            | 8617       | 9318         |
| 409          | Income Tax                                |            |              |
|              | <b>TOTAL OPERATING EXPENSES</b>           | \$ 128300  | \$ 130728    |
|              |   |            |              |
|              | <b>OTHER INCOME/EXPENSE</b>               |            |              |
| 419          | Interest and Dividend Income              | \$         | \$ 14        |
| 421          | Non-Utility Income                        | 5264       | 1878         |
| 426          | Miscellaneous Non-Utility Expenses        |            |              |
| 427          | Interest Expense                          | (5591)     | (2698)       |
|              | <b>TOTAL OTHER INCOME/EXP</b>             | \$ (327)   | \$ (806)     |
|              |   |            |              |
|              | <b>NET INCOME/(LOSS)</b>                  | \$ 12323   | \$ 14499     |



**COMPANY NAME**

Clear Springs Utility Company - Water Division

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

|                        | <b>LOAN #1</b> | <b>LOAN #2</b> | <b>LOAN #3</b> | <b>LOAN #4</b> |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued            |                |                |                |                |
| Source of Loan         |                |                |                |                |
| ACC Decision No.       |                |                |                |                |
| Reason for Loan        |                |                |                |                |
| Dollar Amount Issued   | \$             | \$             | \$             | \$             |
| Amount Outstanding     | \$             | \$             | \$             | \$             |
| Date of Maturity       |                |                |                |                |
| Interest Rate          |                |                |                |                |
| Current Year Interest  | \$             | \$             | \$             | \$             |
| Current Year Principle | \$             | \$             | \$             | \$             |

Meter Deposit Balance at Test Year End

\$ 8375.50

Meter Deposits Refunded During the Test Year

\$ 1228.50

See Accountants' Report

COMPANY NAME

Clear Springs Utility Company - Water Division

**WATER COMPANY PLANT DESCRIPTION****WELLS**

| ADWR ID Number | Pump<br>Horsepower | Pump Yield<br>(Gpm) | Casing Size<br>(inches) | Meter Size<br>(inches) |
|----------------|--------------------|---------------------|-------------------------|------------------------|
| 55-603877      | 100                | 650                 | 16                      | 6                      |
| 55-604034      | 75                 | 450                 | 12                      | 6                      |
| 55-502128      | 40                 | 225                 | 16                      | 6                      |
| 55-603879      | 5                  | 25                  | 6                       | None                   |
| 55-588414      | 10                 | 40                  | 8/6                     | 2                      |
| 55-603880      | 5                  | 25                  | 6                       | None                   |
| 55-603882      | 5                  | 18                  | 8/6                     | None                   |

**OTHER WATER SOURCES**

| Name or Description | Capacity<br>(gpm) | Gallons Purchased or Obtained<br>(in thousands) |
|---------------------|-------------------|---|
| N/A                 |                   |   |
|                     |                   |   |

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 54323

| BOOSTER PUMPS |          | FIRE HYDRANTS     |                |
|---------------|----------|-------------------|----------------|
| Horsepower    | Quantity | Quantity Standard | Quantity Other |
| 20            | 2        | 73                |                |
| 3             | 1        |                   |                |
| 5             | 2        |                   |                |
|               |          |                   |                |

| STORAGE TANKS |          | PRESSURE TANKS |          |
|---------------|----------|----------------|----------|
| Capacity      | Quantity | Capacity       | Quantity |
| 100000        | 1        | 5000           | 4        |
| 12500         | 2        | 1000           | 2        |
| 1000          | 1        | 3000           | 1        |
|               |          | 100            | 1        |

See Accountants' Report

## STATISTICAL INFORMATION

Clear Springs Utility Company - Water Division

|                              |          |         |
|------------------------------|----------|---------|
| Total number of customers    | 530      |         |
| Total number of gallons sold | 41930000 | gallons |

**COMPANY NAME** Clear Springs Utility Company - Water Division **YEAR ENDING 12/31/2001**

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported S-Corporation  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported S-Corporation  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 291875  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Ezra H. Lewis  
**SIGNATURE**

3/11/02  
**DATE**

Ezra H. Lewis  
**PRINTED NAME**

President  
**TITLE**

See Accountants' Report

COMPANY NAME Clear Springs Utility Company - Water YEAR ENDING 12/31/2001  
Division

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 9317.96

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

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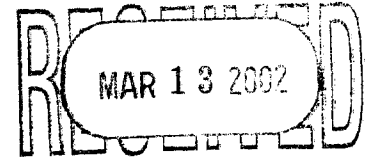
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See Accountants' Report

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

ARIZONA CORPORATION  
COMMISSION



**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

|                                |   |
|--------------------------------|---|
| COUNTY OF (COUNTY NAME)        | <u>Pima</u>   |
| NAME (OWNER OR OFFICIAL) TITLE | <u>Ezra H. Lewis, President</u>                       |
| COMPANY NAME                   | <u>Clear Springs Utility Company - Water Division</u> |

Director of Utilities

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

|           |           |             |
|-----------|-----------|-------------|
| MONTH     | DAY       | YEAR        |
| <u>12</u> | <u>31</u> | <u>2001</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

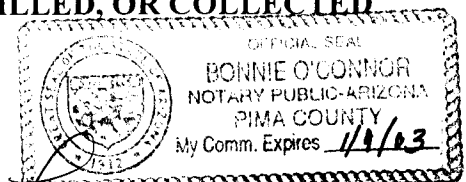
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 153074

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 7041  
IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



Ezra H. Lewis  
SIGNATURE OF OWNER OR OFFICIAL  
520-623-5172  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11<sup>th</sup> DAY OF

(SEAL)

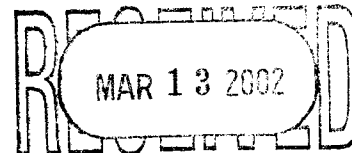
|             |              |
|-------------|--------------|
| COUNTY NAME | <u>PIMA</u>  |
| MONTH       | <u>March</u> |
|             | <u>2002</u>  |

Bonnie O'Connor  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Jan. 9, 2003

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

|  |                    |
|--|--------------------|
| (COUNTY NAME) Pima   |                    |
| NAME (OWNER OR OFFICIAL)<br>Ezra H. Lewis                      | TITLE<br>President |
| COMPANY NAME<br>Clear Springs Utility Company - Water Division |                    |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

|       |     |      |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12    | 31  | 2001 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 125997

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 5796

IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Ezra H. Lewis  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

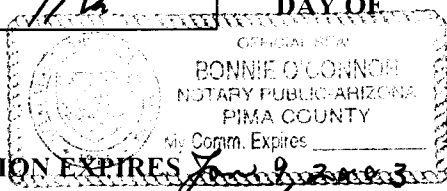
THIS

11<sup>th</sup>

DAY OF

(SEAL)

MY COMMISSION EXPIRES Jan 9, 2003



|                                       |       |
|---------------------------------------|-------|
| NOTARY PUBLIC NAME<br>Bonnie O'Connor |       |
| COUNTY NAME<br>Pima                   |       |
| MONTH<br>March                        | 20 02 |

Bonnie O'Connor  
SIGNATURE OF NOTARY PUBLIC

THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE COUNTY TREAS  
P O BOX 1778  
BISBEE AZ 85603

|                       |              |
|-----------------------|--------------|
| TAX ROLL NUMBER       | 107928       |
| PARCEL IDENTIFICATION | 905-32-278 3 |
| TAX AREA CODE         | 2278         |

CLEAR SPRINGS UTILITY CO RECEIPT REQUESTED (X)  
1121 W GRANT RD STE 413  
TUCSON AZ 85705

IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2000 2ND-HALF COUPON

|                 |     |          |
|-----------------|-----|----------|
| TO PAY 2ND HALF | PAY | 4,090.84 |
|-----------------|-----|----------|

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2001



02905322780032000000000409084

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE COUNTY TREAS  
P O BOX 1778  
BISBEE AZ 85603

|                       |              |
|-----------------------|--------------|
| TAX ROLL NUMBER       | 107927       |
| PARCEL IDENTIFICATION | 905-32-270 9 |
| TAX AREA CODE         | 2270         |

CLEAR SPRINGS UTILITY CO RECEIPT REQUESTED (X)  
1121 W GRANT RD STE 413  
TUCSON AZ 85705

IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2000 2ND-HALF COUPON

|                 |     |        |
|-----------------|-----|--------|
| TO PAY 2ND HALF | PAY | 470.52 |
|-----------------|-----|--------|

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2001



0290532270009200000000047052

CLEAR SPRINGS UTILITY CO. INC.  
PHONE 623-5172  
P. O. BOX 85160  
TUCSON, AZ 85754

WELLS FARGO BANK  
TUCSON, AZ 85745  
91-527/1221

1067

4/26/2001

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer

\$\*\*4,561.36

Four Thousand Five Hundred Sixty-One and 36/100\*\*\*\*\* DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO

AUTHORIZED SIGNATURE

⑈001067⑈ ⑈122105278⑈0719902645⑈

SECURITY FEATURES INCLUDED. DETAILS ON BACK.



[illegible]

ADDRESS: P O BOX 1778  
BISBEE AZ 85608

TAXPOLL NUMBER  
109493  
PAGE IDENTIFICATION  
905-1-270-9  
TAX AREA CODE  
2270

85705 905-32-270 9 109693  
 ---- CLEAR SPRINGS UTILITY CO  
 ---- EZRA H LEWIS/OWNER  
 1121 W GRANT RD STE 413  
 TUCSON AZ 85705

|                                |       |
|--------------------------------|-------|
| PRIMARY<br>AD VALOREM TAX      | 61114 |
| LESS STATE AID<br>TO EDUCATION | 00    |
| NET PRIMARY<br>AD VALOREM TAX  | 61114 |
| SECONDARY<br>AD VALOREM TAX    | 30672 |
| SPECIAL<br>QUIPOT TAX          | 00    |

|                 |       |
|-----------------|-------|
| TOTAL TAX DUE → | 91786 |
| HALF TAX →      | 45893 |

THIS IS THE ONLY NOTICE YOU WILL RECEIVE  
NO RECEIPT WILL BE SENT UNLESS REQUESTED

| PRIMARY PROPERTY TAX CALCULATION (1) |              |           |                |           |          |                |
|--------------------------------------|--------------|-----------|----------------|-----------|----------|----------------|
| ITEMS                                | UNITED VALUE | NET VALUE | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND,BLDGS,ETC.                      | 7199         | 250       | 6484           | 0         | 9.3256   | 1536.4         |
| PERSONAL PROPERTY                    | 18734        | 250       | 4684           | 0         | 9.3256   | 437.43         |
| TOTALS                               | 125933       |           | 6484           | 0         |          | 1614.4         |

| SECONDARY PROPERTY TAX CALCULATION (2) |                 |           |                |           |          |                |
|--|-----------------|-----------|----------------|-----------|----------|----------------|
| ITEMS                                  | FULL CASH VALUE | NET VALUE | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND                                   | 7199            | 250       | 6484           | 0         | 4.184    | 883.3          |
| BLDG,ETC.                              | 0               | 0         | 0              | 0         | 0        | 0.00           |
| PERSONAL PROPERTY                      | 18734           | 250       | 4684           | 0         | 4.5838   | 2182.0         |
| TOTALS                                 | 25933           |           | 6484           | 0         |          | 3067.2         |

| TAX CODE | TAX DESCRIPTION                 | 2000 PRIMARY | 2001 PRIMARY | 2001 SECONDARY | 2001 TOTAL | 2000 TOTAL | DIFFERENCE |
|----------|---------------------------------|--------------|--------------|----------------|------------|------------|------------|
| 02000    | COCHISE COUNTY                  | 19045        | 00           | 00             | 19045      | 19237      | -192       |
| 02001    | COUNTY SCHOOL TAX EQ            | 3225         | 00           | 00             | 3225       | 3355       | -130       |
| 03022    | PEARCE SD #22                   | 15425        | 2215         | 00             | 17640      | 19314      | -1674      |
| 06106    | VALLEY UHS                      | 12158        | 5933         | 00             | 18091      | 19351      | -1260      |
| 08150    | COCHISE COUNTY JUNIOR COLLEGE   | 1261         | 00           | 00             | 1261       | 1374       | -113       |
| 10251    | NO COCHISE CNTY HOSPITAL DIST   | 00           | 6935         | 00             | 6935       | 6367       | 568        |
| 11205    | SUNSHINE-PEARCE FIRE DISTRICT   | 00           | 13145        | 00             | 13145      | 12468      | 677        |
| 11900    | FIRE DISTRICT ASSISTANCE FUND   | 00           | 648          | 00             | 648        | 655        | -07        |
| 14900    | COCHISE COUNTY LIBRARY DIST     | 00           | 1005         | 00             | 1005       | 1016       | -11        |
| 15000    | COCHISE COUNTY FCD #80-49       | 00           | 467          | 00             | 467        | 467        | 00         |
| 30000    | COCHISE CNTY JOINT TECHNOLOGY D | 00           | 324          | 00             | 324        | 00         | 324        |
|          | TOTALS                          | 61114        | 30672        | 00             | 91786      | 94104      | -2318      |

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1177

## CLEAR SPRINGS UTILITY CO. INC.

PHONE 623-5172  
P. O. BOX 85160  
TUCSON, AZ 85754

WELLS FARGO BANK  
TUCSON, AZ 85745  
91-527/1221

10/17/2001

PAY TO THE  
ORDER OF

Marsha Bonham - Cochise Co. Treasurer

\$ \*\*4,756.60

Four Thousand Seven Hundred Fifty-Six and 60/100

DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO

  
AUTHORIZED SIGNATURE

⑈001177⑈ ⑆122105278⑆0719902645⑈

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

CLEAR SPRINGS UTILITY CO. INC.

1177

Marsha Bonham - Cochise Co. Treasurer

10/17/2001

| Date       | Type | Reference   | Original Amt. | Balance Due | Discount     | Payment  |
|------------|------|-------------|---------------|-------------|--------------|----------|
| 10/17/2001 | Bill | 905-32-2709 | 458.93        | 458.93      |              | 458.93   |
| 10/17/2001 | Bill | 905-32-2783 | 4,297.67      | 4,297.67    |              | 4,297.67 |
|            |      |             |               |             | Check Amount | 4,756.60 |

131100 - Wells Fargo Ba

4,756.60

HOLM, HESTAND & VALENZUELA, CPAS, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3131 NORTH COUNTRY CLUB ROAD, SUITE 109  
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA  
EMMA K. HESTAND, CPA  
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483  
FAX: (520) 795-5191  
E-MAIL: HHVCPA@EARTHLINK.NET

COMPILATION ENGAGEMENT REPORT

We have compiled the balance sheets of Clear Springs Utility Company--Water Division as of December 31, 2001 and 2000, and the related comparative statements of income and expense for years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Holm, Hestand Valenzuela, CPAs, P.C.*

February 14, 2002